
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
MINUTES OF MEETING
Wednesday, November 20, 2008
DRAFT

A meeting of the Board of Administration was held on Thursday, November 20, 2008, CalPERS Auditorium, Lincoln Plaza North, 400 Q Street, Sacramento, California.

The meeting was called to order at 9:39 a.m. by Board President Rob Feckner.

The Secretary called the roll and the following Board members were present:

Rob Feckner, President
Marjorie Berte
Terry McGuire representing John Chiang
George Diehr
Greg Beatty & Debbie Endsley representing David Gilb
Henry Jones
Grant Boyken representing Bill Lockyer
Priya Mathur
Lou Moret
Tony Oliveira
Anne Sheehan
Kurato Shimada
Charles Valdes

Excused – Henry Jones

AGENDA ITEM 3 – APPROVAL OF THE OCTOBER 22, 2008 MEETING MINUTES

ON MOTION by Priya Mathur, **SECONDED** and **CARRIED**, the Board approved the October Board minutes.

AGENDA ITEM 4 – INTERIM CHIEF INVESTMENT OFFICER'S REPORT

Anne Stausboll, Interim Chief Investment Officer, presented this report to the Board.

As of October 31, the fund value was \$186.7 billion.

AGENDA ITEM 5 – INVESTMENT COMMITTEE

George Diehr, Chair, Investment Committee, presented the Committee Summary report (attached) to the Board. The Committee met on Monday, November 17, 2008.

Additional information may be found in the November 17, 2008 Agenda materials and/or transcripts of the Committee meeting.

The next Investment Committee meeting is scheduled for December 15, 2008 in Sacramento, California.

AGENDA ITEM 6 – BENEFITS AND PROGRAM ADMINISTRATION COMMITTEE

Kurato Shimada, Chair, Benefits and Program Administration Committee, presented the Committee Summary report to the Board. The Committee met on Monday, November 17, 2008.

Additional information may be found in the November 17, 2008 Agenda materials and/or transcripts of the Committee meeting.

On Motions by the Committee, the Board approved the following:

- Required Board members to file the legally required disclosure of communication regarding prospective investments transactions with the general counsel, in addition to filing the disclosure with the CEO and the Board as currently required by law, and that the Board postpone consideration of the remaining portions of the proposed policy until a later date.

The next Benefits and Program Administration Committee is scheduled for December 16, 2008 in Sacramento, California.

AGENDA ITEM 7 – HEALTH BENEFITS COMMITTEE

Priya Mathur, Chair, Health Benefits Committee, presented the Committee Summary report to the Board. The Committee met on Wednesday, November 19, 2008.

Additional information may be found in the November 19, 2008 Agenda materials and/or transcripts of the Committee meeting.

On Motions by the Committee, the Board approved the following:

- Staff's recommendation to extend the Long-Term Care Group Inc's contract for an additional 12 month period.
- Increasing CalPERS dues to the NCHC membership from \$15,000 to \$30,000 for a three year period.

The next Health Benefits Committee meeting is scheduled for December 16, 2008 in Sacramento, California.

AGENDA ITEM 8 – FINANCE COMMITTEE

Tony Oliveira, Chair, Finance Committee, presented the Committee Summary report to the Board. The Committee met on Monday, November 17, 2008.

Additional information may be found in the November 17, 2008 Agenda materials and/or transcripts of the Committee meeting.

On Motions by the Committee, the Board approved the following:

- Acceptance of the Basic financial statements, the required supplemental schedules and the supporting schedules and agency funds as audited by Macis Gini and O'Connell, LLP, for the year

ending June 30, 2008. The Basic Financial Statements shall incorporate note 11, Subsequent Events, as distributed to the Finance Committee at the November 17, 2008, meeting; (2) Letter of transmittal to the Governor's office (3) Direct staff to further enhance the section on Management's Discussion and Analysis, as requested by CalPERS Management, and present this at the December 2008 meeting of the Finance Committee.

- Increase to the Contingency Reserve Fund of \$1,873,000 and 15 positions in the fiscal year 2008/2009 Administrative Budget and recommend the Board of Administration approve this revised budget. (2) Transmittal of the agenda item to the Joint Legislative Budget Committee and the Fiscal Committees of the Legislature, the State Controller, and the Department of Finance, in accordance with years 2008/2009 Budget Act, and to the Legislative Analyst's Office and the State and Consumer Services Agency; (3) For the 15 positions, except for those positions already filled, the remaining positions shall not be filled until approved by the Board of Administration.
- Proposed CalPERS fiscal year 2008/2009 cost allocation adjustments to the Public Employees Retirement Fund, the PERF, and other funds and the cost allocation as a first reading; (2) 2008/2009 mid-year increase of \$2,292,000 to the Enterprise Projects Budget for a total budget of \$145,545,000 and the Budget as a first reading; (3) 2008/2009 mid year increase of \$700,000 to the CalPERS Headquarters Building Account Budget for a total budget of \$36, 881,000 and the budget as a first reading; (4) Staff's recommendation to transmit agenda item to Joint Legislative Budget Committee, the Fiscal Committees of the Legislature, the State Controller, and the Department of Finance, in accordance with years 2008/2009 Budget Act, and to the Legislative Analyst's Office and the State and Consumer Services Agency.

The next Finance Committee is scheduled for December 16, 2008, in Sacramento California.

AGENDA ITEM 9 – PERFORMANCE AND COMPENSATION COMMITTEE

The Committee did not meet.

AGENDA ITEM 10 – BOARD MEETING CALENDAR

The following changes were made:

- There will only be 3 days of meetings in December instead of 4, with the Board meeting on December 17th.

AGENDA ITEM 11 – INTERIM CHIEF EXECUTIVE OFFICER'S REPORT

Ken Marzion reported on the following:

- California State Employees Charitable Campaign
- Ninth Annual Employer Forum

AGENDA ITEM 12 – PENSION SYSTEM RESUMPTION (PSR) PROJECT UPDATE

Teri Bennett, Assistant Executive Officer, Information Technology Services Branch, gave a status report on the PSR project.

AGENDA ITEM 13 – BOARD’S STATE LEGISLATIVE PROGRAM/BOARD’S POSITION ON STATE LEGISLATION

Danny Brown, Interim Chief, Governmental Affairs reported on the following:

- 2009 schedule for California Connects Program
- Pending Health Care Reform plan from President-elect Barack Obama

AGENDA ITEM 14 – BOARD’S FEDERAL LEGISLATIVE PROGRAM/BOARD’S POSITION ON FEDERAL LEGISLATION

Tom Lussier, CalPERS Federal Legislative Liaison, gave updates on the following items:

- Lame duck session of Congress
- Congressman Waxman
- Working group between CalPERS, CalSTRS, Colorado and a number of other public plans for financial market reform
- Pension Protection Act
- Health Care Reform

AGENDA ITEM 15 – PROPOSED DECISIONS OF ADMINISTRATIVE LAW JUDGES

ON MOTION by George Diehr, **SECONDED** and **CARRIED**, the Board adopted staff’s recommendation on items 15 A, B, D, and F. Item E has been moved to the December meeting.

ON MOTION by Marjorie Berte, **SECONDED** and **CARRIED**, the Board agreed to remand Item C back to the Administrative Law Judge for additional evidence.

AGENDA ITEM 17 – GENERAL COUNSEL’S REPORT

Peter Mixon gave an update on the IRS Roundtable.

AGENDA ITEM 19 – BOARD TRAVEL APPROVALS

ON MOTION by Lou Moret, **SECONDED** and **CARRIED**, the Board approved the travel requests.

AGENDA ITEM 20 – DRAFT AGENDA FOR DECEMBER 17TH MEETING

No comments.

AGENDA ITEM 21 – NEW BUSINESS AGENDA SETTING

No comments.

AGENDA ITEM 22 – PUBLIC COMMENTS

No comments.

Rob Feckner paid special tribute to Gloria Moore Andrews and Jarvio Grevious for their outstanding achievement and overall contribution to CalPERS and the State of California.

AGENDA ITEM 16 – FULL HEARING – CAMERON ECKLES

ON MOTION by George Diehr, **SECONDED** and **CARRIED**, the Board approved the coverage at UCLA to be provided through the end of June

ON MOTION by Marjorie Berte, **SECONDED** and **CARRIED**, the Board stayed with the decision of the Administrative Law Judge to deny coverage for CNS.

AGENDA ITEM 18 – CLOSED SESSION

There being nothing further to come before the Board of Administration, the meeting adjourned at 12:25 p.m.